



Idaho Soil Conservation Commission
Resource Conservation and Rangeland Development Program
Loan Procedure & Policy

I. Purpose: The purpose of the Resource Conservation and Rangeland Development Program (RCRDP) is provision of financial assistance to eligible applicants for the implementation of resource management projects, which include but are not limited to:

- A.** Conservation of soil and water resources
- B.** Promotion of efficient and beneficial use of Idaho's water resources through the implementation of TMDLs
- C.** Improvement of riparian areas for multiple uses
- D.** Increased productivity of croplands, pasture, rangelands, and woodlands
- E.** Conservation and improvement of fish and wildlife habitat

II. Definitions:

- A. The Commission:** "The Commission" refers to the Idaho Soil Conservation Commission and shall also be known as ISCC in language of certain publications
- B. RCRDP:** The Resource Conservation and Rangeland Development Program, whose purpose (as noted above) is the provision of financial assistance for eligible natural resource management projects, abbreviated "RCRDP"
- C. Application:** "Application" shall heretofore reference the form RCRDP-02, titled *Loan Application*, as prescribed by the Commission
- D. Project:** The "Project" refers to the proposed implementation of Best Management Practices or other conservation implementation specified by the Application
- E. District:** "District" shall heretofore represent the Soil (and Water) Conservation District assigning a priority recommendation to the Application
- F. Applicant:** "Applicant" is intended to mean any individual or individuals, sole proprietor, partnership, association, trust, or any other legal entity which is recognized by law as the subject of rights and duties, that submits an application for financial assistance to the Commission for review
- G. Borrower:** "Borrower" is any applicant who's application has been approved by the Commission
- H. NRCS:** "NRCS" refers to the USDA Natural Resources Conservation Service, formerly known as the *Soil Conservation Service*; the entity through which most contract technical assistance is provided

III. Program Parameters:

A. Loan Specifications

- 1. Loan Amounts:**
 - a) The maximum loan amount available is \$125,000, unless otherwise authorized by the Commission
 - b) Applicants requesting loans greater than \$125,000 may be referred to the Commission's State Revolving Fund
- 2. Interest rates:**
 - a) Maximum six percent (6%) APR annually



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- b) Three percent (3%) APR for loans one to five (1-5) years in length
- c) Four percent (4%) APR for loans six to ten (6-10) years in length
- d) Five percent (5%) APR for loans eleven to fifteen (11-15) years in length

A default interest of eighteen percent (18%) APR may be assessed on principle balances of past due accounts (see section VIII of policy, *Account Maintenance* for specifications)

3. Loan Terms:

- a) Loans secured by a Real Estate mortgage shall have a maximum term of fifteen (15) years
- b) Loans secured by chattel security alone are typically granted a term of five (5) years
- c) In no instance shall the term of a chattel-secured loan exceed seven (7) years

B. Security / Collateral

- 1.** All loans shall be made on a secured basis only
- 2.** Loans shall be secured by real estate mortgages and/or chattel security
- 3.** Other types of security shall be considered on a case-by-case basis
- 4.** Maximum loan amount shall not exceed eighty percent (80%) of the established market value of collateral
- 5. Real Estate:**
 - a) It is preferred that land offered as collateral also be the same land to which funded practices shall be applied. Any other circumstances shall be considered on a case-by-case basis.
 - b) Real estate security may consist of a first real estate mortgage, or deed of trust
 - c) Title insurance shall be required, at the borrower's expense, on all real estate secured loans
 - d) Applications offering a real estate mortgage as collateral must also include the most recent tax assessment of said property for evaluation
 - e) A second mortgage on real estate may be utilized subject to certain standards as follows:
 - (1) Total debt on pledged real estate, shall not exceed seventy percent (70%) of the current market value of the collateral given an "as is" basis
 - (2) Second mortgages to install irrigation equipment, whether fixtures or portable, require a first lien position be obtained on said equipment
 - (a) Requires a recorded UCC-1 filing
 - (b) Requires comprehensive insurance policy



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6. Chattel Collateral:

- a) Chattel security may consist of a first lien on capital assets being purchased or installed with loan proceeds and/or existing capital assets
- b) In the absence of purchased capital assets and/or existing capital assets, additional or substitute collateral may be considered in order to maintain an adequate margin
- c) A minimum collateral margin of twenty percent (20%) shall be required on chattel loans
- d) A recent appraisal or qualified statement of value of the chattel security offered shall accompany the Application

C. Prioritization of Applications: Priority is determined based upon two components

1. The first component of loan application priority is based upon the Commission's natural resource conservation objectives. A higher rank shall be assessed based upon the following criteria, listed in respective order of priority:

- a) Proposed project impacts a 303(d)-listed stream with a completed TMDL
- b) Proposed project impacts a tributary of a 303(d)-listed stream with a completed TMDL
- c) Proposed project impacts a 303(d)-listed stream or tributary of a 303(d)-listed stream without a completed TMDL
- d) Project does not directly or indirectly impact a 303(d)-listed stream or its tributaries but does utilize Best Management Practices and achieves conservation of natural resources

2. The second component of loan application priority is based upon the sponsoring District's natural resource conservation objectives. Before the Commission processes an application, the District shall assess the project and issue a ranking of *High*, *Medium*, or *Low*, based upon the project's conformity to the District's objectives.

D. Ineligibility: In certain limited instances, projects shall be ineligible for funding through RCRDP. Such instances include, but are not necessarily limited to:

- 1.** Previously implemented projects: Refinancing debt incurred by previously implemented projects is not an eligible purpose.
- 2.** Implementation initiated prior to Commission approval: Applications shall not be approved for conservation improvements that have been implemented or where implementation has begun, prior to Commission approval.
- 3.** The Commission may consider approval of an Application where conservation improvements have begun but have NOT been completed IF the following conditions are met:
 - a) A Water Quality Program for Agriculture (WQPA) or Environmental Quality Incentives Program (EQIP) contract has been approved and signed by the Applicant and the District
 - b) Technical certification has been provided by NRCS and written concurrence provided by the Idaho Soil Conservation Commission



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IV. *Application Guidelines*

A. Required Application Materials:

1. Loan application materials may be obtained from any District, the Commission, or on the internet at scc.idaho.gov/loans.htm
2. The forms and acceptability of required statement of value shall be at the discretion of the Administrator or his/her delegates.
3. The Commission shall only consider complete Applications. Complete Applications include:
 - a) RCRDP Application (Form RCRDP-02), including District ranking
 - b) Conservation Plan or Idaho One Plan, complete as designed, signed and approved by the appropriate technical agency and the sponsoring District
 - c) Conservation Data Sheet (Form RCRDP-17)
 - d) Financial Balance Sheet (Form RCRDP-03)
 - e) Federal Income Tax Form 1040 and Schedule F (Farm Income, if applicable) as filed for the most recent three years
 - f) Most recent Tax assessment statement

B. Submission of Application Materials:

1. All Application review deadlines shall be strictly observed
2. Complete Applications shall be submitted to the appropriate District for review
3. Applications shall be forwarded to the Commission upon completion of District assessment
4. Applications completed by the Applicant and assessed by the District shall be received by the Commission's Boise office no later than four (4) weeks prior to a regularly-scheduled Commission meeting
5. Applications filed directly with the Commission shall be referred back to the appropriate District for review and priority recommendation
6. Applicants wishing to bypass the District recommendation process shall provide written documentation as to the reason for such a request. The Commission retains the right to deny or accept the request to bypass the District.

C. Technical Inspection / Requirements:

1. Applications shall not be considered without appropriate technical input to the Commission.
2. Staff inspecting application sites shall be available for input during the Commission's Application review process
3. Before any application is brought before the Commission for consideration, all necessary applications for permits must be filed or requested as appropriate

D. Other Considerations

1. In certain instances where the environmental benefits are compelling, the Commission may approve Projects in subdivisions or urban settings. All such approval shall be based upon permanent conservation easements, effectively ending further urban encroachment on open space, riparian areas, or sensitive water quality areas



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2. Consumer credit scores shall be evaluated. In the event that the Applicant has no established credit, current credit references, including but not limited to a letter of reference, shall be required

V. *Application Review Procedures*

A. District Review:

1. The District's Board of Supervisors shall review and evaluate the application to determine if the project is consistent with the District's five-year program goals and objectives for implementing conservation improvement
2. The District's Board of Supervisors shall assign the Application a priority ranking
3. Those Districts submitting Applications from more than one Applicant shall assign a numerical ranking to said Applications
4. After making a priority recommendation, the District shall forward the completed Application to the Commission for consideration

B. Commission Review:

1. The Commission shall meet as traditionally scheduled in odd-numbered months and shall review Applications during those meetings
2. The Commission may elect to hold a teleconference during even-numbered months to discuss and make decisions concerning Applications. Only projects requiring work to be done within the next thirty-day period shall be considered at a teleconference.

VI. *Application Disposition*

A. Notification: the Applicant shall be notified of their Application's disposition within five (5) business days or as otherwise appropriate according to individual circumstances

B. Term of Commitment:

1. Loan commitment shall be valid for six (6) months from the date of the loan approval.
2. If the Applicant has not begun drawing proceeds at the end of six (6) months, the commitment shall be canceled, unless extension and verification of need of funds is received in writing. One six (6) month extension is allowed
3. Use of unused funds on a project other than the initial approved project, requires a second project to be approved by the Commission
4. Funds shall be credited back to the account principal when the loan commitment expires unless verification of need of funds or reason for project delay is received in writing by the Commission.

VII. *Disbursement of Funds*

A. A loan fee shall not be charged for the initial processing and closing of an RCRDP loan

B. Funds shall not be disbursed prior to the execution and signing of an agreement

C. Requests for additional funding may be considered, subject to the following conditions:

1. Request for additional funds must be received by the Commission in writing before loan commitment expires
2. Request must include an explanation of the need for additional funds



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3. Additional funds requested must be applied towards the initially approved project
- D. Technical Review:** All Projects must be site inspected by approved technical staff
 1. All necessary permits and reviews must be completed or approved prior to any disbursement, partial or otherwise
 2. Certification of technical adequacy of the conservation improvements must be supplied to the Commission by the provider of the technical assistance prior to disbursement of loan funds
 3. The applicant has the responsibility to obtain the appropriate technical assistance to ensure that the conservation improvements are properly designed and implemented
- E. Partial Payments:**
 1. Partial payments to Applicants shall be allowed if the Applicant indicates that it is so desired
 2. The appropriate technical entity shall judge percent completion or adherence to technical specifications and standards for partial payment purposes
 3. 5% of loan amount shall remain un-disbursed until project completion. Final payment will be made when project is complete and final technical review received.

VIII. Account Maintenance / Repayment of Loans

A. Repayment:

1. Repayment of RCRDP loans shall be accomplished by one of two repayment plans:
 - a) Equal Principal Payment Plan: An equal sum is paid to principal on a regular basis. The annual principal payment is determined by dividing the principal amount of the loan by the number of payment periods. Accrued interest is paid to date with each periodic payment
 - b) Level Payment Plan: Loan payments remain equal for the term of the loan with principal payments increasing and interest payments decreasing each year
2. A repayment plan shall be considered on each Project approved. In cases where credit or security factors necessitate a more rapid reduction of principal, the term may be decreased
3. RCRDP loans may be prepaid in whole or in part at any time without penalty. All prepayments shall be applied to the principal balance.

B. Extensions:

1. An informal extension may be granted by the Commission Administrator for a period of sixty (60) days from the due date of the installment. Extension beyond sixty (60) days shall require a written application for extension, a current balance sheet, and a signed extension agreement
2. Loan term extensions may be granted only in clearly justified circumstances and for the shortest term possible
3. Financial crisis situations shall be reviewed by the Commission. Loan payment, due date, and other loan stipulations may be restructured if appropriate.



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C. Non-Payment:

1. A ten-day grace period shall be allowed before default interest is charged
2. If the default continues past ten days, the default rate shall begin accruing on the installment and shall be retroactive to the due date of the installment
3. Accounts past due ten (10) days requires the loan officer to make contact with the borrower and determine the cause of the delinquency and establish a plan for repayment
4. The default rate charged on all past due balances shall be eighteen percent (18%) APR on the amount due
5. Collection of payment on RCRDP loans shall be diligently pursued

D. Other Considerations:

1. A minimum fee of \$250 shall be charged for the processing of a partial release of collateral and other loan restructuring procedures except in cases classified under the financial crisis situation
2. Authority is delegated by the Idaho Soil Conservation Commission effective January 11, 2005 to the Administrator, to act on its behalf on requests for actions relative to RCRDP loans
 - a) Provided an adequate loan to value margin exists, the Administrator may approve subordination agreements and partial release of mortgages, liens, and other security instruments on behalf of the Commission
 - b) Payment schedule modifications, including change of payment date, informal extensions and interest only payments may be approved by the Administrator
 - c) Other account maintenance items, such as extension of commitment period and payment arrangements for financial crisis situations may be approved by the Administrator
 - d) The Administrator will include a letter of verification to ISDA's finance section for any loans approved outside of the state policy when advancing funds.
 - e) Requests for additional funding may be approved by the Administrator only if:
 - (1) Amount does not exceed \$5,000.00
 - (2) Applicant's financial portfolio supports additional obligation
 - (3) Sufficient collateral/security provides adequate loan to value margin
3. Commission Members shall review policies, procedures, and interest rates applied to RCRDP on an annual basis